

In the Matter of:)
)
Application for Certification) Docket No.
for the Russell City Energy) 01-AFC-7
Center (Russell City))

HAYWARD, CALIFORNIA

5:35 p.m.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

William J. Keese, Chairman, Presiding Member

Mike Smith, Commissioner Advisor

Gary D. Fay, Hearing Officer

STAFF PRESENT

Kae C. Lewis, Project Manager

PUBLIC ADVISER

Roberta Mendonca, Public Adviser

APPLICANT

James R. Leahy, Development Manager
Calpine/Bechtel Joint Development

James Dunstan
Andrea Grenier
Peter F. Mason
James Anderson
Calpine/Bechtel Joint Development

Greggory L. Wheatland
Ellison, Schneider & Harris, LLP

INTERVENOR

Sky C. Stanfield, CURE

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

1 P R O C E E D I N G S

2 HEARING OFFICER FAY: Good evening. I
3 want to welcome everybody to the California Energy
4 Commission's site visit and informational hearing
5 on the proposed Russell City Energy Center. And
6 before we get into any business at all, we want to
7 adjourn to the buses that are out in front, and
8 take the site visit.

9 The Applicant has arranged for bus
10 transportation to take us down to the site for the
11 power plant. And they've thoughtfully provided
12 sack lunch, sack dinner type snacks out on the
13 table, and they ask you to grab one on the way out
14 so you can eat it on the bus. That way we don't
15 have to take extra time to break for dinner, and
16 we can all have had a little something to eat
17 before we start the meeting. And we'll start the
18 meeting as soon as we return from the site visit.

19 So if anybody needs special
20 accommodation for access concerns, please see me
21 or raise a hand, and we'll be sure to try to deal
22 with that. Otherwise, we will adjourn now. And
23 Kasia, could you raise your hand? Kasia knows
24 exactly where everybody's supposed to go, and
25 where the buses are.

1 I'll just remind you that the sack
2 lunches are out in the lobby, and so, follow
3 Kasia's directions.

4 MS. GRISSO: Thanks, Gary. I'm Kasia
5 Grisso, I'm the community relations liaison for
6 Calpine/Bechtel Joint Development on this project.
7 And I want to welcome everyone. Thank you for
8 coming, and we look forward to a great evening
9 together.

10 The -- there are two buses outside.
11 They should be parked out here in front of City
12 Hall and Watkin Street. The buses are equal.
13 They are the same. There's no difference between
14 them. You can get on either bus.

15 So what we'll ask is that when we're all
16 ready, that people go on out to the rotunda here
17 -- I mean, out to the mezzanine here, pick up a
18 bag lunch, and there should be waters, I believe,
19 in boxes to the side of the lunch bag table.
20 There are choices for the bag lunch. It's
21 vegetarian sandwiches, ham sandwiches, and I think
22 also maybe turkey. So pick up a lunch, pick up a
23 water, and then file on down to the buses. And
24 like I said, you can get on either bus.

25 We should be returning to City Hall --

1 did you mention what time?

2 HEARING OFFICER FAY: We will return in
3 approximately one hour.

4 MS. GRISSO: Okay. So that's pretty
5 much it. Thank you.

6 (Thereupon, the hearing was adjourned
7 at 5:42 p.m. for the site visit. The
8 hearing reconvened at 7:00 p.m.)

9 CHAIRMAN KEESE: Good evening. This is
10 an Informational Hearing conducted by a Committee
11 of the California Energy Commission on the
12 proposed Russell City Energy Center. I am Bill
13 Keese, Commission Chairman, and the Presiding
14 Member of this Committee. Commissioner Robert
15 Pernell is the Associate Member of the Committee
16 but was not able to join us tonight.

17 My advisor, Mike Smith, is sitting to my
18 left, and our Hearing Officer, who will do the
19 heavy work on this hearing, is to my right, Mr.
20 Gary Fay.

21 The Applicant, Calpine/Bechtel Joint
22 Development, filed an application with the Energy
23 Commission to obtain a license for the proposed
24 Russell City Energy Center in Hayward. The
25 Applicant requests an expedited review of the

1 application under the Commission's new six-month
2 review process.

3 The purpose of this hearing is to
4 discuss the Commission's expedited licensing
5 process, and to identify issues of concern related
6 to the project development.

7 Before we begin, we're going to ask the
8 parties to please introduce their representatives
9 at this time. On behalf of the Applicant? Mr.
10 Wheatland?

11 MR. LEAHY: Yes, thanks. Thank you,
12 Commissioner Keese. My name is Jim Leahy. I am
13 the Calpine/Bechtel Development Manager for
14 Russell City. And this evening with us, on my
15 right, is our senior technical advisor, Jim
16 Dunstan. Pete Mason -- if the rest of you could
17 just raise your hand, please -- Pete Mason, who is
18 a project engineer with our joint development
19 group. Andrea -- I'm sorry, I -- I want to call
20 her Grenier. Andrea, would you raise your hand?
21 She's our environmental project manager.

22 And next, Gregg Wheatland, our counsel.
23 Doug Davy, who is the contract -- our consultant,
24 lead consultant for the AFC, Foster Wheeler. Lisa
25 Poelle is our public relations manager. Lisa,

1 thank you. Kasia Grisso, community relations
2 specialist, our community outreach. Many of you
3 probably had an opportunity to meet Kasia during
4 the blues fest and other events around town.

5 Ken Abreu, who's a general manager of
6 our joint development group. Ken, are you here?
7 Yes. And Jim Anderson, Calpine ops manager.

8 That's our group for the -- for the
9 evening.

10 CHAIRMAN KEESE: Thank you. Staff.

11 MS. LEWIS: I'm -- I'm Kae Lewis --

12 CHAIRMAN KEESE: Lone staff.

13 MS. LEWIS: I'm on my own up here. I'm
14 Kae Lewis, and I'm the project manager for the
15 Energy Commission.

16 We do have a number of staff in the
17 audience, but I won't introduce them all.

18 CHAIRMAN KEESE: Thank you.

19 On behalf of the Intervenors. Is Mr.
20 Walton here?

21 On behalf of the City of Hayward? Do we
22 have a representative of the City of Hayward?

23 Do we have a representative of any other
24 agency who wishes to identify themselves in
25 particular? Identifying yourself at this time

1 does not -- a failure to identify yourself does
2 not preclude you from commenting at the end of our
3 hearing, but if you'd like to identify yourself,
4 we'd appreciate it.

5 At the microphone, please, for the
6 record.

7 MR. TONG: Good evening. My name is
8 Larry Tong. I am the interagency planning manager
9 for the East Bay Regional Park District.

10 CHAIRMAN KEESE: Thank you.

11 Any other agencies?

12 And I will identify at this time Ms.
13 Roberta Mendonca. Roberta is in black. Later in
14 the hearing, Ms. Mendonca will explain how the
15 public --

16 PUBLIC ADVISER MENDONCA: Good evening.
17 Roberta Mendonca.

18 CHAIRMAN KEESE: She will explain how
19 you can participate in this process, and you can
20 always obtain information about the project from
21 her. She will also explain the aspects of
22 intervening in the case, which have benefits and
23 obligations attached to them.

24 Today's informational hearing is the
25 first public event conducted by the Committee as

1 part of the Energy Commission's licensing
2 proceedings on the Russell City Energy Center.
3 Notice of today's hearing was sent to all parties,
4 adjoining landowners, interested governmental
5 agencies, and other individuals on July 19th,
6 2001. In addition, notice of today's events was
7 published several times in a local newspaper.

8 Documents pertinent to today's hearing
9 include a Staff Issues Identification Report, and
10 a proposed schedule filed on July 31st, 2001. I
11 believe staff has extra copies available for the
12 public, should they so desire.

13 I will now turn this over to Mr. Fay to
14 discuss the process.

15 HEARING OFFICER FAY: Thank you, Mr.
16 Chairman.

17 Those extra copies of the staff report
18 are on the table out in the entry hall.

19 The purpose of today's hearing is to
20 provide a public forum to discuss the proposed
21 Russell City Energy Center project, and to
22 describe the Energy Commission's review process,
23 and to identify opportunities for public
24 participation in that process. This hearing was
25 preceded by a visit to the project site, which

1 began approximately 5:30, and most of you attended
2 that.

3 The Commission accepted the application
4 for the Russell City project as adequately filed
5 on July 11th, this year. The Commission is
6 reviewing the project pursuant to the expedited
7 six month Application for Certification process
8 set forth by Public Resources Code Section 25550.
9 Projects which are eligible for the expedited six
10 month process have demonstrated, at least in an
11 initial review, that they are not likely to cause
12 any significant adverse impacts on the
13 environment, or on the electrical system, and that
14 they can comply with applicable laws, ordinances,
15 regulations and standards.

16 Today's events are the first in a series
17 of formal hearings which will extend over
18 approximately the next six months. The
19 Commissioners conducting this proceeding will
20 eventually issue a Proposed Decision containing
21 their recommendations on the power plant proposal.
22 It's important to note that these recommendations
23 must, by law, be based solely on the evidence
24 contained in the public record.

25 To preserve the integrity of the

1 licensing process, the Commission's regulations
2 expressly prohibit private contacts between the
3 parties and the Committee Members. This
4 prohibition against private communications between
5 the parties and the Committee is known as the ex
6 parte rule. This means that all contacts between
7 the parties and members of the Committee, or
8 myself, as Hearing Officer, regarding a
9 substantive matter related to this case, must
10 occur in the context of a public discussion such
11 as today's event, or in the form of a written
12 communication that is provided to all parties.

13 The ex parte rule ensures full
14 disclosure to all participants of any information
15 that may be used as a basis for the decision in
16 this project.

17 Additional opportunities for the parties
18 and governmental agencies to discuss substantive
19 issues with the public will occur in public
20 workshops to be held by the Commission staff here
21 in Hayward. Information regarding other
22 communications between the parties and
23 governmental agencies is contained in written
24 reports or letters that summarize such
25 communications. These reports are distributed to

1 the parties, and made available to the public.

2 Information regarding hearing dates and
3 other events in this proceeding will be available
4 on the Commission's Web site. And by the way,
5 that Web site address is www.energy.ca.gov, and if
6 you have trouble remembering, Ms. Mendonca can
7 help you with that later.

8 But the Commission maintains an
9 excellent Web site, and many of the documents in
10 this case will actually be posted on the Web site,
11 so -- including transcripts of hearings, so you'll
12 be able to follow the case, at least partially, by
13 watching the Web site.

14 While the Public Adviser and Commission
15 staff will go into greater detail later, I'd like
16 to briefly tell you what you can expect from the
17 Commission's process.

18 First, we are embarking on what is known
19 as a functionally equivalent California
20 Environmental Quality Act, or CEQA, review
21 process. Basically, this means two things.

22 First, our process must, by law, address
23 the substantive requirements and policies of CEQA.

24 Two, we provide a process which provides
25 a vastly more comprehensive opportunity for public

1 review, comment and participation than does the
2 traditional CEQA EIR process. For example, while
3 public hearings are encouraged under CEQA, the law
4 makes clear that they are not actually required.
5 By contrast, in our own process, under the Warren-
6 Alquist Act, all of our workshops and hearings are
7 open to the public.

8 In an EIR process, public review and
9 comment portion may be conducted entirely by
10 written comments. And, as I say, ours is
11 otherwise. We must do ours in front of the
12 public, and even when we take comments, we'll
13 usually have an additional local hearing, so
14 people who haven't had the time or the ability and
15 the interest to write down their comments can show
16 up, give their comments to us directly.

17 You'll definitely have ample opportunity
18 to make your points of view known, and to comment
19 upon the proposed project. These rights, however,
20 also mean that, as Ms. Mendonca will explain, you
21 will necessarily assume the burden that
22 accompanies participation. This applies to any of
23 you wish to intervene. Of course, even if you
24 don't intervene, any member of the public may make
25 comment on the project.

1 Second, perhaps some of you are here
2 because you believe that the project should be
3 changed, or even eliminated. I assure you that
4 this matter will be explored fully over the next
5 six months or so. Please keep in mind, however,
6 that the legal standard which applies is not that
7 our focus is to be on the best of all possible
8 configurations or locations for the project, but,
9 rather, the pertinent question is whether an
10 alternative configuration or location would avoid
11 or substantially lessen any significant effects of
12 the project.

13 And that's a difference that's often
14 lost on people. So where the project is not here
15 to cause a significant impact, then there wouldn't
16 be the need to examine alternatives.

17 Finally, you can expect that all
18 decisions made in this case, including whatever
19 our final recommendations are, will be made solely
20 on the basis of the public record. To ensure this
21 happens, as I mentioned, we will be abiding by the
22 Commission's ex parte rule that prohibits off
23 record contacts between the participants in this
24 proceeding, and the Commissioners, advisors, and
25 the Hearing Officer.

1 The application process is a public
2 proceeding in which members of the public are
3 encouraged to actively participate and express
4 their views on matters relevant to the proposed
5 project. This Committee is interested in hearing
6 from the community on any aspect of the project.
7 Members of the public may also intervene, and if
8 there are potential intervenors we encourage you
9 to file your petitions to intervene as soon as
10 possible in order to allow time for full
11 participation.

12 At this time, we'll ask the Public
13 Adviser to explain the intervention process and to
14 provide an update on her contacts with local
15 residents regarding this proceeding.

16 Ms. Mendonca.

17 PUBLIC ADVISER MENDONCA: Thank you very
18 much.

19 Commissioner and members of the public,
20 I'm going to do a two-part report tonight, so let
21 me start out with the first part in the reverse
22 order. Let me start out with what has happened in
23 the way of public notice.

24 As mentioned, the official notice was
25 mailed to property owners, to general agency, and

1 to interested parties, and the notice also was
2 posted on the Energy Commission Web site.

3 The Public Adviser's Office made a one-
4 page project summary, the piece of paper that was
5 available to you out in the foyer. And
6 distributed copies of the Application for
7 Certification to Hayward Public Libraries. We
8 also developed a one-page poster.

9 Eight thousand seven hundred flyers were
10 inserted into the Hayward Daily News, which is a
11 widely read paper. It was limited to the zip code
12 in the area where the plant is proposed. In
13 addition, the local chamber of commerce offered to
14 fax the one-pager to their chamber membership, as
15 well as a thousand additional flyers were made
16 available, and 20 posters, to environmental groups
17 and local churches.

18 My office has received well over 100
19 calls on tonight's meeting, which is something of
20 a record for us.

21 Now to the public. Public participation
22 in an Energy Commission process is, as you've
23 heard, invited, encouraged, and it's a definite
24 part of arriving at a final decision. You can
25 participate as simply as coming this evening,

1 listening, asking your questions. If you have
2 questions, we ask that you fill out a blue card,
3 giving your name and something about the comment
4 that you want to make. I'll wander around the
5 room and collect the blue cards.

6 Tonight's meeting is being transcribed.
7 We have a court reporter here. Your comments
8 become a part of our -- of our hearing record.

9 Some people will want to, for varying
10 reasons, become more involved and become -- as the
11 parties have been mentioned, the staff is an
12 independent party, the Applicant is a party. The
13 Energy Commission process offers a tool of
14 intervention. And members of the public who
15 desire, have an interest in the project, may
16 intervene. It's through the petition process.
17 You ask the Committee if you may become an
18 intervenor. They consider the petition, and for
19 the most part, they're usually granted.

20 Intervention entitles you to receive a
21 copy of the Application for Certification, as well
22 as all of the documents that are exchanged between
23 the parties. One of the benefits of intervention
24 is when it gets to formal hearings you can present
25 your own witnesses, and you can offer testimony

1 and you can cross examine the other witnesses.

2 Remember, at the same time, the public
3 is invited to all of these meetings, and the
4 public can also offer public comments.

5 The responsibility for being an
6 intervenor include preparing all your documents
7 and serving them on the other parties, responding
8 to data requests, if they're asked, and filing and
9 serving your papers.

10 So the difference between being a member
11 of the public is that you, at the formal hearings,
12 have a different ability to participate in the
13 evidentiary hearing.

14 Again, I'm the Public Adviser. I have a
15 couple of key -- here for me tonight. The only
16 difference is the addition of my name. A copy of
17 the Application for Certification is available in
18 your local library here. They also have the
19 computers, so for those of you that don't have the
20 Internet personally at home, you can go to your
21 local library. And the Hearing Officer gave you
22 the Web site. This is the Web site for this
23 project, [wwwenergy.ca.gov](http://www.energy.ca.gov), with a back slash,
24 siting cases, with an "s" on the end, and Russell
25 City. And you can follow along with the public

1 notices in this case, and also watch for the
2 intervenor documents that are filed.

3 Should you want to reach me, or --
4 should you want to find me in Sacramento, or other
5 key people in the project, this slide gives you an
6 opportunity to write down Kae Lewis' contact
7 information, the Hearing Officer's contact
8 information, and how to reach the Public Adviser.

9 And again, my business cards are at the
10 back of the room, and the pink, one-page flyer
11 also has how to reach the Public Adviser.

12 Thank you. I look forward to hearing
13 from you.

14 CHAIRMAN KEESE: Thank you, Ms.
15 Mendonca. I would like to say the -- to really
16 get started in this process here, that I'm
17 thrilled that we have such good attendance here
18 tonight. The important part of this process is to
19 receive your input, and the time to receive your
20 input is at the front end of the proceedings so we
21 can deal with your input. It's a much better way
22 than dealing with objections at the end, after
23 we've gone through all our work.

24 The staff, we -- we have, as you heard,
25 two parties, and we have an intervenor, a labor

1 union, CURE. The Applicant presents their --
2 their evidence. They're a party. The staff is an
3 independent party which -- with whom I cannot
4 communicate except in this forum. I can speak to
5 my advisor and I can speak to our Hearing Officer,
6 but I can't deal with staff directly.

7 The staff represents the public in this
8 process, also. So the staff appreciates the input
9 that you give in raising issues in this process.

10 During the course of this proceeding,
11 the parties will make their presentations in a set
12 order. First, the Commission staff will provide
13 an overview of the Commission's expedited
14 licensing process and its role in reviewing the
15 proposed project. Next, Calpine/Bechtel will
16 describe the proposed project, and explain the
17 plans for developing the project site. And then
18 we will hear comments from the interested
19 agencies.

20 On completion of these presentations,
21 intervenors and members of the public may offer
22 comments and ask questions. Following the public
23 comment, we will discuss scheduling and other
24 matters addressed in Staff's Issue Identification
25 Report. We will provide time for the parties or

1 members of the public to ask questions, but at
2 this point my simple question is, do you have any
3 questions about our agenda? Any questions about
4 our agenda?

5 All right. Staff.

6 HEARING OFFICER FAY: Mr. --

7 CHAIRMAN KEESE: Mr. Fay.

8 HEARING OFFICER FAY: If I may, just
9 before Ms. Lewis starts, excuse me. I just want
10 to mention about Ms. Mendonca had three addresses
11 that she posted, and the last one was the Energy
12 Commission's docket unit. And what the docket
13 unit is, is a repository for all the documents in
14 every case. So any document that is filed in this
15 case is part of the public record, whether it's a
16 letter that you write to Chairman Keese about the
17 project, or whether it's the entire Application
18 for Certification, that's probably about a foot
19 thick, that the Applicant filed, or any data
20 responses that the Applicant files, every piece of
21 paper that's relevant to the case is filed in the
22 docket unit, and that is a public record.

23 You can go to Sacramento and look at it.
24 You can find out what is in it by monitoring the
25 log on the Web page. And if something looks

1 sufficiently interesting to you, you can either
2 retrieve it or ask Ms. Mendonca's help. So you
3 have access to the complete case file as the case
4 unfolds. I just wanted to make that clear.

5 I'm sorry. Ms. Lewis.

6 MS. LEWIS: Hello. I'm Kae Lewis, I'm
7 the Project Manager for this siting project at the
8 Energy Commission. I'm going to talk a little bit
9 about the Energy Commission's siting process, the
10 steps that it goes through, talk about the issues
11 involved in this particular case, and about the
12 staff's recommended schedule.

13 The project that we're addressing
14 tonight is the Russell City Energy Center. And
15 the details of the project, the Applicant will
16 address after me. What I'm going to talk about
17 now is the -- the players involved in the siting
18 process.

19 The ultimate decision is made by the
20 five member Commission at the Energy Commission,
21 the decision-makers. They make the ultimate
22 decisions on data adequacy of the application and
23 on the final Commission decision. The project
24 committee is made up of two Commissioners who are
25 more directly involved with the project. They

1 preside over the hearings and they author the
2 draft decision. They're assisted by our Hearing
3 Officer here tonight, Gary Fay.

4 The -- the players that provide input
5 into the process to -- to the decision-makers are,
6 first, the Applicant; the state, local and federal
7 agencies, and the example here being the City of
8 Hayward, which is a critical player; the staff of
9 the Energy Commission, which I head up, and we
10 function as an independent party; the -- any
11 intervenors which we have in the case, and at the
12 moment we have one, CURE, California Unions for
13 Reliable Energy; and then members of the public.
14 The last two groups, the intervenors and the
15 public, are assisted by Roberta, who just spoke to
16 you.

17 The purpose of the siting process is to
18 ensure reliable supply of electrical energy, while
19 protecting public health and safety and also
20 protection of the environment.

21 The Energy Commission's permitting
22 authority extends to thermal power plants 50
23 megawatts or larger, and their related facilities.
24 The process coordinated with federal, state and
25 local agencies, and we function as the lead agency

1 for CEQA, California Environmental Quality Act.

2 The objective of the siting process is
3 to provide a full review of environmental effects,
4 health and safety effects, and it provides an
5 engineering and -- an engineering analysis and
6 analysis of the transmission of power from the
7 plant, and it ensures that local ordinances,
8 regulations and standards are complied with.

9 The key subjects reviewed, here's a list
10 of them. There are a few more, but these are the
11 most important.

12 Next I want to mention the public nature
13 of the -- of the process, which Roberta addressed,
14 so I won't go into detail. A lot of the
15 information that she gave you is also repeated
16 here, so make sure that you take a copy of the
17 handouts with you.

18 Also, please remember to sign the sign-
19 in sheet and mark the box, because that puts you
20 on our mailing list so you'll know of all the --
21 the hearings and workshops, and so forth, for the
22 case.

23 Our next slide indicates again that we
24 work with local, state and federal agencies, and
25 this just gives you an example of some of the

1 agencies that we are working with now at each of
2 those levels. This also includes the -- the Cal-
3 ISO, Independent System Operator, for transmission
4 issues.

5 Next I want to talk about the -- the
6 siting process steps. There we go. It's page 10
7 in your handout.

8 A first step is pre-filing. This is
9 when an Applicant approaches the Energy Commission
10 with an application and we -- we guide them so
11 that their application will be as -- as complete
12 as possible when it's actually filed.

13 The next step is data adequacy, and that
14 is a formal decision made by the Commission that
15 an application is complete enough, it has enough
16 information for us to begin reviewing it. This
17 particular case became data adequate on July 11th.

18 We are right now in the next phase,
19 which is called discovery. And that's where the
20 staff takes an initial look at the information and
21 raises questions. And we provide the Applicant
22 with data requests and they have 20 days to
23 respond to that -- those requests. Also, thus
24 far, the City of Hayward has also submitted data
25 requests to the Applicant.

1 We will have a workshop to discuss the
2 responses to those data requests on August 20th,
3 in this building.

4 The next step is the analysis stage, and
5 the product there is a staff assessment. It's a
6 -- it's a -- normally a pretty hefty document.
7 And in that staff assessment, after analyzing all
8 the information, the staff identifies impacts of
9 the project, they assess the Applicant's proposed
10 mitigation to any impacts and also suggest
11 additional mitigation if they think it's
12 necessary, and also make -- make comments about
13 additional analysis that might be necessary to get
14 to a final recommendation.

15 The main objective of a staff assessment
16 report is for the staff to recommend to the
17 project committee if a project should, in fact, be
18 certified, and under what conditions it should be
19 constructed and operated.

20 The next step is -- is the evidentiary
21 hearings. That is where evidence is submitted,
22 and the focus there is on issues that might be
23 contested among the parties, the Applicant, staff
24 or intervenors, at that point. At the hearings,
25 the Committee actually presides, as they're doing

1 tonight.

2 The next step after the hearings is the
3 drafting of the initial decision. The Committee
4 authors this decision. They -- they file it, the
5 public takes a look at it, and there is a comment,
6 a public comment period.

7 After the public comment period, the
8 decision is revised, if -- if that's necessary,
9 and a final decision is put before the full
10 Commission, and they make a decision on that.
11 Again, what the decision does is it -- it
12 indicates whether or not the project will be
13 certified, and under what conditions it may be
14 constructed and operated.

15 Once an Applicant receives their --
16 their certification, their license, they begin
17 their construction period. They go into the
18 compliance phase, and this is where the Energy
19 Commission staff then monitors the construction
20 and operation of the plant. They ensure that the
21 conditions that are in the certification document
22 are met throughout the life of the project.

23 Those are all the steps.

24 The -- the next slide indicates that in
25 this particular case, we're talking about an

1 expedited permitting process. The typical process
2 at the Energy Commission, the historical process,
3 is a 12 month process. About a year ago,
4 legislation was passed, Assembly Bill 970, which
5 allowed for an expedited six month process for
6 projects which met certain requirements. And
7 these requirements basically were information that
8 the Applicant had to provide to us to indicate, or
9 show substantial evidence that a project would not
10 have negative impacts.

11 And this particular project, the Russell
12 City Energy Center, has requested review under
13 this particular provision for the six month
14 process.

15 The six month permitting process
16 schedule, proposed schedule that's proposed by the
17 staff at this point. Here are the dates and the
18 key events. And I'll focus just on a couple of
19 these.

20 As I'd indicated, the project became
21 data adequate July 11th. The project will -- the
22 next step will be a process of data requests, data
23 responses, we'll have a -- a workshop here August
24 20th. We'll have the Staff Assessment September
25 24th. And if it is necessary, we'll then have a

1 workshop, the public will attend workshops on that
2 final -- that -- or initial, sorry, Staff
3 Assessment. If necessary, the staff will file an
4 addendum if, as a result of workshops, we -- we
5 need to make revisions in that document.

6 And in November, early November, we'll
7 begin hearings. That would allow us to have a
8 Proposed Decision in early December, and a Final
9 Decision January 7th.

10 The next slide gives the project
11 contacts, and this is pretty much the information
12 that Roberta had also talked about.

13 I'm going to go on now and just talk
14 about the two issues which the staff has
15 identified for this particular project. In doing
16 an initial evaluation, the staff did identify two
17 issues that we'd like to bring to your attention.

18 The purpose of an Issue Identification
19 Report is to inform participants of any particular
20 issues that we think might be important in a case.
21 We realize that because we have not finished our
22 analysis and we still have public workshops ahead
23 of us, that other issues could certainly come up
24 in the future.

25 Issues are impacts that might be

1 difficult to mitigate. There might be a non-
2 compliance problem with a local regulation or
3 standard, and there might be issues that are
4 contentious among the parties in a case. In any
5 event, if there's issues, there's -- there can be
6 schedule delays.

7 The two issues that I want to raise
8 involve the subjects of socioeconomics and visual
9 resources. And the -- the socioeconomics issue is
10 -- is one of environmental justice. And actually,
11 this is not really an issue at this point, but we
12 wanted to put it in the report to indicate that we
13 realize that in this particular case, if -- if an
14 issue can't be mitigated, then we need to look at
15 environmental justice issues.

16 The Energy Commission uses federal
17 guidelines developed by the Environmental
18 Protection Agency to direct their review of
19 environmental justice in siting cases. And these
20 guidelines indicate that if there is an ethnic
21 minority or low income population in a six mile
22 radius of a plant site, that is -- is 50 percent
23 or more of that -- that population in that -- of
24 that general area, and if the project has negative
25 impacts, then the staff will determine if, in

1 fact, those impacts fall disproportionately on the
2 ethnic minority or low income populations.

3 And we're raising this issue because in
4 this particular case, within a six mile radius the
5 communities do contain a population that
6 approaches 70 percent that are ethnic minorities.
7 And this is based on the 2000 U.S. Census. So at
8 this point, what we would do is if we raise issues
9 that we think will be -- that would be impacting
10 those populations, then we will do a full
11 environmental justice review.

12 The next issue is visual resources. The
13 staff is investigating an impact, which they've
14 initially identified, that the current plant
15 design, the architectural design of the plant, may
16 impact a scenic vista from the Hayward Shoreline
17 Interpretive Center, the vista from that center to
18 Mount Diablo. And the staff intends to work with
19 the Applicant and with the City of Hayward on
20 alternative designs or other types of mitigation
21 to deal with this potential impact.

22 Those were the two issues thus far.

23 So based on this information, the issues
24 that were identified, the -- and the information
25 thus far that's been provided to us from the

1 Applicant, the staff is recommending that this
2 project qualifies for the expedited process. And
3 we can stay on the expedited schedule if three
4 things happen.

5 If permits and approvals from other
6 agencies that are necessary, if they stay on
7 schedule. If the Applicant responds to data
8 requests in a timely manner. And if no other
9 serious impacts arise that cannot be mitigated in
10 that timeframe. If all of those hold true, then
11 we can stay on the expedited schedule.

12 So in closing, as I mentioned, the staff
13 is recommending that this project stay in
14 expedited review, and that we intend to make
15 periodic reports to the Committee, that we will be
16 holding a data response and issue workshop for the
17 public in this building, August 20th. That we
18 hope to file Staff Assessment by September 24th,
19 with a staff workshop on that Staff Assessment to
20 follow in October. So that's our -- our near term
21 plan.

22 That concludes my presentation.

23 CHAIRMAN KEESE: Thank you, Ms. Lewis.
24 That was very thorough. Do we have any questions
25 from members of the audience on her presentation?

1 Yes. I'm going to ask you to take the
2 mic, please. This, I understand this -- this is a
3 fantastic facility here, and I understand this is
4 being broadcast also, so we'd appreciate it if
5 you'd take the mic here and ask your question.

6 MR. TONG: Thank you, Chairman. Larry
7 Tong, East Bay Regional Park District.

8 The presentation indicated that we are
9 now in the discovery stage of the process. Can
10 you tell me when the discovery stage ends?

11 MS. LEWIS: The discovery stage will
12 end, the last date on which we can submit data
13 requests to the Applicant will be October 9th.

14 MR. TONG: So folks submitting
15 information during the discovery stage have until
16 October 9th?

17 MS. LEWIS: Right.

18 MR. TONG: Thank you.

19 CHAIRMAN KEESE: Thank you. We have
20 another question? Same request, please, at the
21 mic.

22 MR. BARKLOW: Good evening. My name is
23 Ron Barklow.

24 On page 15, on this visual impact that
25 you mentioned the Hayward Shoreline Interpretive

1 Center, that is controlled by -- by fog. But a
2 lot of the things here are likely to look from the
3 visual impact, we -- we see from being up in the
4 hills towards the bay. A lot of things people
5 forget about that. So don't forget to go up in
6 the hills and look down.

7 Thank you.

8 CHAIRMAN KEESE: Thank you.

9 If we have no further questions, then
10 we'll go to -- I see a further question is walking
11 forward.

12 MR. BUNTZ: My name is Kurt Buntz, and
13 I'm a homeowner, about two miles downwind from the
14 plant.

15 CHAIRMAN KEESE: I'm not -- are you
16 speaking to the staff's request -- we're going to
17 take public comment later on the project. But if
18 you have questions regarding what the staff has
19 just presented as to the process, that's what I'm
20 taking at this time.

21 MR. BUNTZ: Okay.

22 CHAIRMAN KEESE: Thank you. We'll do
23 that later.

24 Any -- any other process questions?

25 All right. Now for the second part.

1 Most of you in the audience here joined
2 us on the tour of the site. At this time I will
3 ask Calpine/Bechtel to describe the project in
4 more detail, and explain their plans for
5 developing that project site.

6 MR. LEAHY: Thank you. Thank you,
7 Chairman Keese.

8 I will -- first of all, I want to thank
9 all of you for being here this evening, and those
10 of you who are at home watching the proceedings.
11 We encourage the -- the participation of the
12 community and it is our aim to assure that any
13 questions you may have are satisfactorily answered
14 as we move through this process.

15 I'm going to start by talking a little
16 bit about our parent, the Calpine/Bechtel Joint
17 Development is kind of a mouthful. We're a group
18 that was formed in 1998 by two extremely capable
19 parents, in our opinion. In fact, almost perfect
20 assembly for doing the kind of things that we're
21 doing here, developing, owning, operating power
22 plants.

23 To start with, Calpine is a San Jose
24 company, relatively young, founded in 1984, but it
25 is already one of the premier

1 builders/owners/operators of power facilities
2 throughout the United States, has a -- a objective
3 to reach 75,000 megawatts by 2005. Our little
4 group is -- is making its contribution to that.
5 There are other elements of Calpine that are
6 active in the Bay Area. Our group is focusing on
7 intermediate or baseload stations. There are
8 other elements of Calpine that you may be aware of
9 that are addressing some of the peaker issues, or
10 -- or high reliability power, those kinds of
11 things.

12 The other parent is Bechtel Enterprises,
13 which is the -- the development finance asset
14 ownership element of Bechtel Group, Inc., which is
15 a -- a San Francisco company, over 100 years old,
16 family owned, has a -- a proud and long heritage
17 of engineering construction of industrial
18 facilities, and has been one of the premier
19 designers and builders of energy generating
20 facilities, or energy facilities of almost any
21 description, refineries and the like, for many
22 decades now.

23 The enterprises group has developed and
24 financed over \$12 billion worth of projects in the
25 last decade or so, and, as I said, the assemblage

1 of Calpine and Bechtel for this joint development
2 organization is -- is a perfect set of parents.
3 The specialty that -- that Bechtel has, in terms
4 of development and -- and engineering and
5 construction of facilities matches very nicely
6 with Calpine's ownership and operations groups.
7 And, as I indicated, both are -- are Bay Area
8 companies. The profits of both of the companies
9 do not go to Texas.

10 The need, why we're here, in 1998, as I
11 mentioned, the -- the joint development group was
12 formed as a bit of foresight on the part of the
13 two parents. It was increasingly apparent to them
14 that the Bay Area was unique in its transmission
15 circumstances and that generation was -- was going
16 to be sorely needed in the Bay Area. That was in
17 1998.

18 The better than average July might tend
19 to downplay some of the problems that we've
20 experienced over the last year. It just goes to
21 show you the importance of weather, and so on.
22 But the underlying situation is that there is a
23 significant need for energy in the Bay Area, in
24 California, and as it turns out, if you read the
25 papers, in most of the United States. We've just

1 gone through a period of relatively low
2 development. Very few facilities and no
3 significant facilities were developed in
4 California for about a decade. We're here to help
5 to rectify that situation.

6 There continues today, regardless
7 whether the weather is slightly cooler or slightly
8 warmer than average, there continues today to be a
9 significant need for power to the Bay Area,
10 continues today to import over half of its -- of
11 its power requirements.

12 So Russell City is a direct response to
13 that set of conditions.

14 The primary players, this slide really
15 is intended to talk about who the primary players
16 are in California's energy situation. There are
17 folks such as ourselves, who are essentially
18 generators and wholesale sellers of power. The
19 California Energy Commission, as we've just heard,
20 is the authority for siting new facilities.

21 As things have progressed over the last
22 few years, the deregulation legislation
23 established the Independent System Operator to
24 actually operate the statewide transmission
25 system. The transmission system, at least so far,

1 continues to be owned by private -- public
2 utilities, private utilities, such as PG&E and
3 Southern Cal Edison.

4 So these folks are distributors of
5 energy. The CPUC regulates those -- those
6 activities, the utility activities that PG&E
7 engages in, does not regulate entities such as
8 ourselves. The -- at least at this point in time,
9 the building and operation of -- of energy
10 facilities is a competitive activity.

11 And lastly, as the situation worsened in
12 California, and the public utilities, such as PG&E
13 and Southern Cal Edison, were essentially selling
14 power for less than they were paying for it and
15 their credit was jeopardized, DWR was established
16 by the state as a creditworthy entity to contract
17 -- to enter contracts as necessary to essentially
18 -- to keep the lights on here in California.

19 So that's the situation today. It will
20 undoubtedly change over the next few years.
21 Obviously, our intent to construct this power
22 plant is an expression of faith that we will
23 eventually emerge into a competitive environment,
24 and that environment will benefit all those who it
25 was initially intended to do.

1 The facility itself is what's called a
2 combined cycle combustion turbine facility. It is
3 essentially a state of the art generation
4 facility. I've been in this business for longer
5 than I care to admit, and the plants today, these
6 facilities, these kinds of facilities, people were
7 -- I heard a number of comments during the tour --
8 surprised at the small dimensions of the site.
9 And it is pretty impressive what can be done with
10 about 14 acres. A facility like this, 20 years
11 ago, would've taken probably 100 acres or so to
12 do. So the physical size and impacts, and
13 efficiency of these -- of these facilities, has
14 improved greatly over the last several years, the
15 last ten years or so.

16 This particular facility will produce
17 about 600 megawatts. The -- there's no accuracy,
18 precise accuracy to the number, but a plant like
19 this is often rule of thumb said to be able to
20 provide power for a community of about 600,000
21 people. And so to give you a feel for the size of
22 the -- of the plant.

23 The technology we employ is combined
24 cycle technology. When compared to one of these
25 older facilities I talked about, that -- that we

1 should be -- baseload gas-fired plant, is both
2 about 40 percent more efficient, that is to say,
3 to generate one megawatt of power it uses 40
4 percent less fuel. That has the happy effect of
5 not only increasing the efficiency, but obviously
6 reducing pollutants from combusting that gas by 40
7 percent, there's 40 percent less that's burned.

8 Other elements of the technology further
9 reduce the emissions, so that compared to an old
10 baseload facility, we -- this kind of plant emits
11 about 90 percent less, in terms of NOx and so on,
12 the aggregate of the emissions.

13 The plant is, as you could see from the
14 tour, is located in an area that's zoned
15 industrial. It's -- the city has declared that
16 this facility is an appropriate fit for the
17 zoning. The plant will be financed by the owners.
18 There obviously is no public funding. And quite
19 the contrary, the plant -- the plant has worked
20 out, or is in the process of working out or
21 finishing an agreement with the city that provides
22 pretty -- we feel quite significant benefit to the
23 city.

24 We like that. We intend to be here for
25 a long time. We like -- both of the parents are

1 intent that -- that we are a good corporate
2 citizen in the areas in which we have facilities.

3 Finally, the process that we've
4 described, the timetable that we're -- we're
5 commencing here would put the plant into
6 construction spring -- before the summer, in any
7 case, of 2002, and -- and have the plant in
8 operation by 2004. It's about a two year
9 construction phase.

10 The -- and this question comes up a lot.
11 What happens to the power that this plant's going
12 to generate. This is a rough, it's a notional
13 representation. Obviously, the -- the system
14 fluctuates throughout the day, depending on the
15 load, and so on. This is a notional consideration
16 of a representation of what -- what happens to the
17 power this plant puts out. And the -- the short
18 answer is that it -- it will go, generally
19 speaking, to Hayward, parts of west Alameda
20 County, and finally to bits of the Peninsula, as
21 well.

22 So I could hear some discussion about
23 does it go to the valley, and that sort of things
24 -- that sort of thing. Generally speaking, that
25 -- that is a good representation of the area that

1 this plant will serve.

2 The location that we -- we did just look
3 at in the tour, I think most of you are familiar
4 with. And it -- the things of note here are the
5 transmission interconnection, which -- I attempted
6 to point out on the bus ride, that the -- the
7 interconnection goes down to the east shore
8 substation, it traverses all except for the little
9 stub that connects it to the existing transmission
10 corridor. It -- it rides in an existing PG&E
11 transmission corridor. The only new element will
12 be the -- the connector between the corner of the
13 plant and the -- and the existing corridor.

14 The gas interconnection, again, I
15 attempted to point out, goes along Enterprise
16 Avenue, past Berkeley Farms, and connects with the
17 PG&E main line at -- that parallels what -- the UP
18 tracks. Thank you. Those are the things to note
19 here. But generally speaking -- next slide,
20 please.

21 Generally speaking, you can see here
22 that it -- it rests in what's solidly an
23 industrial area, entirely appropriate. There is a
24 -- obviously, the city's treatment facility is
25 right here, right across the street, and is the

1 source of the cooling water for the facility.
2 There's a chemical manufacturing facility, several
3 trucking operations, and so on, that you can see,
4 that are -- are neighbors.

5 Current use of the land, again, fairly
6 obvious for those who took the tour. The tower
7 array and the Reynolds property at the bottom of
8 the picture, you can see, we were parked right
9 about there. And the -- the towers and the course
10 of the processor are to be relocated as part of
11 the deal, our purchase of that property.

12 And the architectural design that has
13 been selected as, I guess, most likely candidate
14 by the city, is what we -- what we euphemistically
15 call the wave. And this is a representation of
16 the plant. Essentially, right across the street
17 from the plant, with that architectural treatment.

18 And I'm going to rapidly go to the next
19 slide, which is the plant from that interpretive
20 center which was mentioned earlier. And I know
21 there was some concern expressed about the plant's
22 relationship, or -- to the view of Mount Diablo.
23 This is fairly obviously -- this picture does, in
24 fact, illustrate that. If you go down to the
25 Interpretive Center and sort of stand here, you'll

1 see that if you take a few steps to the right or
2 left, Mount Diablo's pretty easily visible.

3 We think that's something that we can
4 deal with in a reasonable way by placement of
5 benches, or whatever, where one can in fact enjoy
6 the -- the view of Mount Diablo.

7 And next is a view from the footbridge
8 at Cogswell Marsh, and you can see that you
9 certainly see the facility, but it is, at least in
10 my judgment, not particularly obtrusive. It does
11 begin to blend in to the landscape.

12 Next is something to help -- this is one
13 of those technical issues that we -- we try to
14 make as understandable as possible, so I'll take a
15 crack at it. This is a representation of the
16 technology that I mentioned a moment ago, this --
17 this combined cycle combustion turbine. The --
18 the picture shows -- this is -- this is
19 fundamentally a jet engine. It's a large jet
20 engine, and it's anchored firmly to -- it was
21 never intended to fly.

22 But that's -- that's really what it is.
23 And it has even recognizable elements like the --
24 the compressor stage, you know, when you get on
25 board an aircraft and look toward the engine, you

1 can see -- you can see those blades. That's
2 fundamentally what that is, the compressor stage
3 on the front.

4 In our case, there are elements in there
5 to help cool the incoming air, increase the mass
6 flow to -- to help make generated power. So you
7 can't look right into the -- the compressor blades
8 on this particular engine. But there will be two
9 of these, and as I say, they're large jet engines.

10 The -- the shaft that connects the
11 compressor and the actual turbine is an ignition
12 -- a combustion zone in here, hot gases are
13 created, they, you know the physics, basically
14 it's high school physics. They expand going out
15 the back and -- and turn the shaft. The shaft is
16 connected to a generator. So in this case,
17 Russell City, there will be two engines, two
18 generators that are attached to combustion
19 turbines.

20 We have then a thousand degree exhaust
21 gases coming off of this thing. That's a huge
22 amount of energy contained in those exhaust gases.
23 We run them into what's called a heat recovery
24 steam generator. It's a big boiler, unfired
25 boiler, basically. And it has tubes in it, water

1 tubes and so on, that are intended to capture that
2 waste heat. So we generate steam with these two
3 heat recovery steam generators, and the steam is
4 directed to a single steam turbine, sort of
5 traditional technology there.

6 So in total, there are three turbines,
7 two combustion turbines and a steam turbine, each
8 of which is connected to a generator. And as
9 Russell City is -- is nominally quoted as a 600
10 megawatt plant, each of these generators produces
11 about 200 megawatts.

12 And the steam turbine, once it -- once
13 the steam has run through it, that -- that steam
14 is condensed and run through the cooling tower,
15 and circulated back through. And it is -- the
16 water use, the predominant water use that we're
17 talking about, the processed water that comes from
18 the -- the city's treatment facility, is mainly
19 used for makeup for that process. We have
20 evaporative loss that goes out of the cooling
21 tower. So that is what this is all about. That's
22 why we're all here.

23 And finally, yeah, the environmental
24 highlights. This -- there will be a lot of
25 discussion on environmental impacts, and rightly

1 so. This is a matter that is of concern to
2 anybody who lives near any of these facilities.
3 And it is our intention to provide full
4 information to make everyone understand, and in
5 particular, as you heard earlier, is the staff has
6 representation of the population here to -- they
7 have the technical experts to understand what's
8 going on here. We provide information to them,
9 and it is our intention, as I say, to provide the
10 information that's necessary to conclude that this
11 plant has no significant impact. And I'm quite
12 confident that -- that we can do that.

13 This can be a very emotional issue. Our
14 -- our job, as I view it, is to put it into terms
15 that everyday people can understand, get their
16 arms around, and get comfortable with.

17 Other than the air quality set of
18 circumstances that we were just talking about, we
19 -- we feel a very positive impact of this plant is
20 the reuse, the use of recycled water, basically,
21 for cooling. This is water that is otherwise
22 going out into the bay. The program that we have
23 with the city, which includes advance treatment of
24 that -- that wastewater, will actually improve the
25 effluent that eventually does go out to the bay,

1 from the conditions that -- that are experienced
2 today.

3 So we're using recycled water, and the
4 stuff that's going out there is -- is going to be
5 a lot -- a lot cleaner. As Jim Dunstan, to my
6 right, is fond of saying, this stuff in most
7 states is actually declared as drinking water. In
8 California, it's not legal, but in most states
9 this stuff is -- is drinking water quality.

10 In an effort to put this emission
11 situation in some kind of understandable term, the
12 following slide appears. I -- I wish I could sit
13 here and tell you that we can generate electricity
14 without creating any pollutants whatsoever. But
15 we haven't gotten there yet. But what is very
16 important to understand is that being on the
17 cutting edge, this kind of facility is unlike
18 probably any generating facility that most of you
19 have seen. It is -- it is truly on the edge.

20 The kinds of emissions that we see here
21 are -- are not insignificant, 186 tons of NOx is
22 -- is not a small number, but it's much, much
23 smaller than anything that's been possible until
24 this technology came along.

25 And how does it compare to the 600 -- as

1 I mentioned earlier, this size plant is -- is rule
2 of thumb said to be able to service a community of
3 about 600,000 people. So how does this compare to
4 other things that we do, this kind of size
5 community. Well, if you own a car, you're doing
6 your bit to create about 12,000 tons of NOx a year
7 by driving the car. Your own internal, your gas
8 appliances, cooking, heating, and that sort of
9 thing, you're doing your bit to create 1900 tons
10 of NOx a year.

11 In that context, I want you to
12 understand what the plant does do. It doesn't do
13 zero, but if we can make -- and this is only one
14 of a variety of ways to try to help people
15 understand what the plant does do -- but this is
16 -- this is our start this evening. As Ms. Lewis
17 indicated earlier, there's a process that we
18 encourage all of you to participate in. We want
19 to make sure that all questions are answered, and
20 we will do our very best to put it into terms that
21 you can understand, put -- get your arms around,
22 and then really understand the impact that it does
23 have, and it's our intent to help you to arrive at
24 the conclusion that it is, in fact, not a
25 significant impact.

1 And I think that Ms. Lewis' presentation
2 has probably done a better job than we can do in
3 telling you what the review highlights are. But
4 just to run over it very briefly.

5 CEC is the lead agency, has been for a
6 long time, knows what they're doing, and has a
7 very professional staff to help you and us get
8 through -- to get through and understand the
9 effects of the project.

10 Because they're a lead agency there is
11 something, I guess it's probably a little bit of a
12 simplification to call it a one-stop shop, but
13 they do the coordination of -- there are other
14 permits that are involved in the process, but it's
15 all coordinated through the CEC. So we've got,
16 for example, the -- the Corps of Engineers and
17 others, Fish and Game, and so on, do participate
18 in this process. But the CEC is the lead agency.

19 As you have obviously experienced, or
20 you wouldn't be here tonight, we go to great pains
21 to make sure that the public is broadly aware of
22 the activities, the proceedings that are going to
23 occur as we go through this -- this certification
24 process.

25 The -- I think it's very important to

1 understand that -- that this is not just a
2 licensing process at the end of which we go build
3 a power plant, and that's the end of it. The
4 monitoring, there's a -- there's a lifelong
5 relationship we have with both the CEC, the
6 community, and so on, we, as we -- as we go
7 through and build the plant and operate the plant.

8 As I mentioned, both of our parents are
9 very strong believers in being good corporate
10 citizens. And it was our intent, in working with
11 the folks at Russell City and putting together the
12 -- the community benefits package, to -- to be
13 responsive to the community needs as they have
14 been expressed to us by the leadership of the
15 city. And we intend to do continue that.

16 So, to summarize very briefly the
17 highlights of those benefits. The -- there's, as
18 I mentioned, a two-year construction process. The
19 peak construction employment during that process
20 is 450 to 500 construction workers. The -- at the
21 end of that the plant goes into operation, and
22 there are 25 or so full-time positions, operators
23 and maintenance folks, and so on. Those are --
24 those are high quality jobs, and they bring about
25 a \$2 million annual payroll to the community.

1 The community folks will tell you
2 there's a multiplier effect on the community's
3 economics, so it's not just a \$2 million impact.
4 Obviously, there are tax benefits that flow from
5 this kind of a project, and I think most of you in
6 the community have seen some evidence of the fact
7 that -- that we do support community programs.
8 Obviously, we can't do all, but we're pretty
9 careful about selecting programs that are worthy
10 in the community, and we do our best to support
11 those. Those change over time.

12 Next, the -- assuming that the project
13 is successful in obtaining its certification, and
14 does go into construction and subsequently into
15 operation, then we have a commitment to provide
16 significant funding for the city's new library. I
17 think most of you are aware of that, and that's
18 probably the -- the key element, but there are
19 other pieces of the community benefits program
20 that flow to the park system and educational
21 foundation.

22 And tonight's the beginning of a fairly
23 lengthy process. I appreciate your -- once again,
24 appreciate your listening to me this evening, and
25 I look forward to going through the process with

1 you. Thanks very much.

2 CHAIRMAN KEESE: Thank you.

3 We're going to have a question period
4 with the audience later. At this time, Ms.
5 Stanfield, I'd like you to -- are you present on
6 behalf of CURE? Just for the record, I -- yes, we
7 identified people at the front end. CURE is an
8 Intervenor. I just -- identify yourself, and if
9 you have a comment, you're welcome to make it.

10 MS. STANFIELD: I'm Sky Stanfield, and I
11 am here representing CURE, and we don't have any
12 comments today. We're just observing.

13 CHAIRMAN KEESE: Thank you very much.

14 Do we have a representative of the City
15 of Hayward at this time? We had identified you
16 earlier, I'll identify you for the record, and if
17 you have a comment, you're welcome to make it.

18 CITY MANAGER ARMAS: Thank you, Mr.
19 Chairman. Jesus Armas, I'm the City Manager for
20 the City of Hayward, and let me begin by welcoming
21 you to the chambers this evening.

22 CHAIRMAN KEESE: Thank you. Wonderful
23 facility here.

24 CITY MANAGER ARMAS: We purposely
25 selected this facility to further one of the

1 objectives that was articulated earlier, and that
2 is to disseminate information to the public in the
3 widest manner possible. As you indicated, this
4 proceeding is being cablecast, and we plan to
5 replay it on Thursday evening in order to enable
6 the greatest number to view it.

7 If I may, let me just offer --

8 CHAIRMAN KEESE: That's wonderful. This
9 is the second set of many siting hearings that
10 I've participated in that has been broadcast. The
11 first one was in the Palm Springs area, and this
12 is the second one, and I'm thrilled that we can do
13 this.

14 CITY MANAGER ARMAS: Thank you. Let me
15 just offer a few remarks, if I may?

16 CHAIRMAN KEESE: Yes.

17 CITY MANAGER ARMAS: First, we want to
18 thank Ms. Lewis, her colleagues and associates at
19 the CEC for taking a great deal of time to educate
20 us on the city staff relative to the process.
21 It's not an everyday occurrence that a city
22 contends with an application for an energy center,
23 or a power plant. So it's helpful to have
24 colleagues that can assist us in understanding the
25 process.

1 We do believe it's important to share as
2 much information with the public, hence the
3 cablecasting today, again Thursday, and we look
4 forward to other opportunities to host you in our
5 facility.

6 We do look forward to working
7 cooperatively with the various parties to this
8 process, whether it's the CEC staff, the
9 Applicant, or others, to make sure that we have
10 the most current information. And we are pleased
11 to know that this has been selected for an
12 expedited review. That's both a blessing and a
13 curse, if I may characterize it in that way. It's
14 a blessing because it provides for a timely
15 decision, but it can be a curse because it
16 represents considerable demand on everyone's time
17 to develop information to provide responses in an
18 orderly and timely fashion, and to do so in a way
19 that provides decision-makers with the kind of
20 information that they need to make an important
21 decision.

22 As indicated earlier, the city council
23 has already begun its own review of this process.
24 On July 10th, it made a determination that the
25 intended use is consistent with the zoning for the

1 area. We do look forward to reviewing a number of
2 issues with the Applicant and with CEC staff. We
3 have submitted some comments that focus on a
4 number of important issues. For example, air
5 quality and public health, traffic, hazardous
6 material, to name just a few.

7 As Mr. Leahy mentioned, one of the
8 important elements here is that there are a series
9 of community benefits that have been identified.
10 It's our understanding that those benefits, of
11 course, are ones that have the support at the
12 senior level of the joint venture, and we're
13 pleased that that's going forward. And, of
14 course, we look forward to ultimately developing a
15 formal agreement between the parties to make sure
16 that those commitments in fact are realized, and
17 that the city and the local taxpayers do not bear
18 any additional cost for our processing of the
19 application through our mechanism.

20 Lastly, we do want to indicate that over
21 the next number of weeks, we're going to try very
22 hard to bring forward as much information as
23 possible so that an informed decision can be made.
24 I've already touched on some of the issues that we
25 will be speaking to, but certainly city staff, our

1 own elected officials, other community members,
2 know Hayward very well, know the kinds of issues
3 that are important to us, and we look forward to
4 be able to articulate those in as many proceedings
5 as possible.

6 Thank you very much.

7 CHAIRMAN KEESE: Thank you. And I'm
8 sure that our staff is planning to schedule --
9 subject to our adopting a schedule, that our staff
10 are planning to have a workshop in I believe about
11 two weeks.

12 CITY MANAGER ARMAS: Yes. We --- we're
13 aware of that, and we've submitted some
14 information for that workshop.

15 CHAIRMAN KEESE: Thank you.

16 CITY MANAGER ARMAS: Thank you.

17 CHAIRMAN KEESE: Mr. Tong, do you have
18 any comment at this time?

19 MR. TONG: Yes, thank you.

20 Thank you, Mr. Chairman. Larry Tong,
21 still.

22 The Hayward Regional Shoreline, operated
23 by the East Bay Regional Park District, is in
24 close proximity to the proposed project. We are
25 at this time submitting a letter for the record,

1 identifying some potential significant impacts on
2 the regional shoreline, and attaching some
3 additional background information.

4 We, in addition, look forward to working
5 with the Applicant and the Energy Commission
6 staff, and the Commission itself, in avoiding
7 significant impacts on the regional shoreline, as
8 well as mitigating those impacts.

9 Thank you.

10 CHAIRMAN KEESE: Thank you very much.

11 MR. TONG: And I'll submit this to the
12 secretary.

13 CHAIRMAN KEESE: We'll take it right
14 here.

15 Do we have any other agencies present
16 who would like to testify at this time?

17 Seeing none, I have three members of the
18 public who have submitted their names on the blue
19 sheets. After that, we will take others.

20 Mr. Snipes. Charles Snipes, do you care
21 to comment?

22 Mr. Barry Lubovski -- Luboviski.
23 Welcome.

24 MR. LUBOVISKI: Yes, good evening.

25 Thank you, Chairman Keese, and panel. I

1 appreciate the opportunity to address you.

2 My name is Barry Luboviski. I'm
3 secretary-treasurer for the Building and
4 Construction Trades Council of Alameda County.
5 That's a division of the AFL-CIO, and one of the
6 many councils in California that represent working
7 families in the construction industry.

8 We're very excited about this project,
9 not only because of the immediate jobs it brings
10 to members that we represent, as was demonstrated
11 in your presentation, but also to the broader and
12 more significant issues that are addressed.

13 The Bay Area, I believe, and I think
14 many people in this room would agree, is unique
15 within the world in terms of the combination of
16 views, the -- the variety within a short driving
17 distance, whether you go to the wine country or
18 whether you go skiing in the snow, whether you
19 wish to swim in the ocean, the Bay Area has that
20 unique environment which attracts a significant
21 variety of people that come to this area.

22 And -- and with that, we have the
23 dynamic that's created in Silicon Valley, and
24 innovation. People gather where they can have
25 stimulation both intellectually and physically,

1 and the Bay Area has that attraction.

2 All of that runs on energy. And without
3 sufficient energy and without a responsible
4 response by public agencies to ensure that we have
5 an adequate infrastructure, all the potential that
6 we see in the Bay Area goes for naught.

7 And so we're excited to see an energy
8 center being built here that's both responsive to
9 the environment, and we believe that this energy
10 facility as has been described will be that, and
11 is also responsive to the needs of local residents
12 so we can continue the kind of dynamic that not
13 only creates the immediate jobs that were
14 described here, but creates the kind of
15 opportunities for other organizations and
16 companies to come in to the Bay Area with
17 assurances that the necessary supports will be
18 there so that they can continue, and we can
19 continue to see this area maintain its
20 environment, but also maintain its ability to
21 employ people.

22 So I appreciate your time. We have
23 other members of our council that are here this
24 evening, but because we felt that this process
25 needs to move forward, I am speaking on behalf of

1 all of those people.

2 We have 26 local unions that are
3 affiliated with the council. We represent
4 approximately 25,000 working families in Alameda
5 County. Many of them live in Hayward.

6 So thank you again.

7 CHAIRMAN KEESE: Thank you, Mr.
8 Luboviski.

9 Mr. Ron Barklow, and then Mr. Snipes,
10 we'll take you next, after Mr. Barklow.

11 MR. BARKLOW: Thank you. First of all,
12 I appreciate your coming down into Hayward to
13 really see actually first-hand us. I am a member
14 of HASPA, Hayward Area Shoreline Planning Agency
15 Citizens Advisory Group, and also with Audubon. I
16 want to give you -- there's three of these others
17 -- we just celebrated, HASPA, Hayward Area
18 Shoreline Planning Agency's 30th birthday party
19 this year. Without it, we would not have the
20 beautiful trails and stuff from the San Mateo
21 Bridge all the way down to San Leandro, going on
22 here.

23 So I want to make sure you have this,
24 and make sure you follow the plans. We had a
25 vision, we're working hard. We got both hikers,

1 bikers, birders, and everything in here. And also
2 point out that we are in, during the Christmas
3 bird count, we're in the top 20th in the nation.
4 So we want to make sure our wildlife and birds are
5 very much concerned.

6 We're a little concerned, too, when you
7 mentioned about the engine, how much of a vacuum.
8 We hear about jet engines, of birds running into
9 that -- being sucked into a jet engine sometimes,
10 that happened out there.

11 But one of the things I want to bring to
12 your attention here is what -- with this fast pace
13 going on, and with the City of Hayward, some very,
14 I think valuable information is being blocked from
15 the -- from the public. There's a document dated
16 May 24th, called mitigation negative declaration,
17 it was -- May 24th. It did not get into the
18 Hayward Library until June 19th. That's kind of
19 bad.

20 Also, it does mention a report a little
21 bit on HASPA, we did have Calpine came to our
22 HASPA meeting on March 15th, but we did not have a
23 full report, so if you don't have a report how can
24 you make a report on it, and support. So I want
25 to be aware of some of the things. And also, at

1 the city staff we talked to biologists. And I'd
2 like to say we've been awaiting, we told those
3 biologists went out into the site, and there was
4 on the July 10th meeting, at the city council,
5 where is that staff report? We do not have it.
6 Those of us with Audubon and HASPA, and we'd like
7 to see it, to evaluate.

8 We're -- we have been on the bird lines
9 and shorelines, like I say, over 30 years. We
10 know what's out there. And I'd just like to say
11 we don't -- we have a incomplete report, and the
12 staff is -- of that.

13 So without taking more time, I just want
14 to call your attention that this -- I don't feel
15 -- the city staff are not biologists, and please
16 take these and enjoy this, and enjoy the shoreline
17 while you're down here. And let's work together
18 on this.

19 Thank you.

20 CHAIRMAN KEESE: Thank you. And I'm
21 sure our staff is willing to work with you, also.

22 HEARING OFFICER FAY: Mr. Barklow, I'll
23 -- I'll just mention that if you wish, your group
24 may want to take advantage of the workshops that
25 are going to take place down here, because at

1 least some of them will address biological
2 impacts, and -- and the people in your group who
3 are knowledgeable can share that knowledge with
4 our staff biologists.

5 MR. BARKLOW: We do have two -- two --
6 and HASPA is here. This is my wife, Viola Saima-
7 Barklow, and Denise Delpino, so maybe one of them
8 will be speaking shortly.

9 CHAIRMAN KEESE: Thank you.

10 And I will say, before we get much
11 further, I have -- I have about 15 cards now. If
12 -- highly technical questions will be left in
13 detail for the workshops, but we're going to try
14 to answer any question you ask us tonight.

15 Mr. Snipes. Are you moving forward?

16 MR. SNIPES: Thank you, Mr. Chairman.
17 I'm Charles Snipes, and I certainly want to extend
18 my welcome to the Committee for coming to Hayward.
19 It is very important to get into the field and to
20 check the interest and the concerns of the public
21 regarding a -- a project of this magnitude. And I
22 certainly want to express my personal thanks to
23 you and to the Committee for reaching out to come
24 to this area, and to allay some of the fears that
25 some of the people might have.

1 I do have a concern, but I believe Mr.
2 -- Mr. Leahy touched upon it very -- very
3 thorough, and that was with the -- the emissions
4 from the plant. I had some concerns about the --
5 the impact of the emissions on the clean air, and
6 in this area how that would be -- how the plant
7 would impact that. But I believe he touched on
8 that, and I will accept his statement as being
9 valid and correct, and -- and it certainly I think
10 will allay my concerns.

11 CHAIRMAN KEESE: Thank you. I will say
12 that that issue will undoubtedly come up at the
13 workshop and be dealt with in depth. We are going
14 to require the cleanest technology in the world
15 for this plant. He had indicated that's what it
16 would be, and a more detailed explanation I will
17 leave for the workshop.

18 MR. SNIPES: And I want to just say that
19 the selection of the site, I support that, and I
20 think that you will be very happy in Hayward and
21 coming to this site in this location.

22 Thank you.

23 CHAIRMAN KEESE: Thank you very much.

24 Deanna Bogue.

25 HEARING OFFICER FAY: While she's coming

1 up, I'll mention that one thing Mr. Leahy did note
2 is even with the amount of NOx emissions from the
3 plant, that he cited in his chart, he didn't
4 mention that the company will be required to
5 retire emission offsets greater than that amount,
6 so that that means nobody else can -- can emit in
7 the Bay Area that level.

8 So not only is it a clean plant, but it
9 also has to be fully offset, as per the Federal
10 Clean Air Act.

11 MS. BOGUE: Good evening. I'm Deanna
12 Bogue, 41 year resident of Hayward. I am in favor
13 of the power plant.

14 I understand that the screening design
15 of the plant can be changed without having to
16 refile the application for the power plant. In
17 order to have the plant fit into the industrial
18 business area, the roadways will need to be
19 improved. The site will need to have extensive
20 landscaping, along with lighting, building, wall,
21 bench designs that complement the neighboring
22 business parks along Whitesell.

23 I am sure the city's planning department
24 can assist with the design. I expect the project
25 to stay on the fast track with all the safety

1 concerns addressed. I do not want my electricity
2 to stay -- I do want my electricity to stay on.
3 I'm too old to walk around in the dark. I want
4 the best of everything, and then I want some on
5 top of that.

6 Thank you.

7 CHAIRMAN KEESE: Thank you. As do we
8 all.

9 Mr. Reynolds, please. And I appreciate
10 the brevity of the last two witnesses. We have
11 ten left here.

12 Mr. Reynolds.

13 MR. REYNOLDS: Thank you, sir. My name
14 is Al Reynolds. I've lived on that street, it's
15 on that card, for over 40 years now.

16 It may kind of sound silly, but I'm
17 interested in traffic. We have Deiple Road. We
18 have Krier. We have Gettysburg and Padren and
19 Dodge, where we can zip through because it's a
20 shortcut. I'm sure there's other tract of homes
21 have the same problem as I'm talking about. As
22 West Street, as -- there's several streets that
23 these trucks can take to the site. Yes, I know
24 they come down Whitten, or they're going to come
25 down Jackson.

1 But I still, even today, see trucks
2 going down Deiple, and this is a no-no. And I
3 can't catch them. If I could, I'd get their
4 license number, I'd get their firm, and turn it in
5 to the city.

6 So maybe, with some help from you
7 people, and the police department, we can start --
8 what's the word I'm looking for -- make
9 observations of how many people are taking these
10 shortcuts. It'd be very helpful, far as our tract
11 is concerned, because about 500 homes down in that
12 little area, we're about a mile from you people,
13 we'd be interested in the environment, the noise
14 and all these other things that come along that
15 you've been speaking about earlier.

16 I do have my name on the back, so we can
17 keep up with you people. And how many will come
18 to the other meetings, I hope more than myself.
19 But these are some of the quick issues that I
20 would want to bring up.

21 CHAIRMAN KEESE: Thank you. That will
22 definitely -- that definitely is an issue, it will
23 be an issue in this, and I -- I will assure you
24 that is an issue that we enforce. We had a
25 problem with this with one of our previous sites,

1 and resulted in some terminations of truck
2 drivers.

3 HEARING OFFICER FAY: And I'll mention
4 that that was a Calpine plant, and when the
5 problem was brought to Calpine's attention, that
6 the trucker was violating the route, acceptable
7 route, Calpine fired the trucker.

8 CHAIRMAN KEESE: Mr. Quirk. Bill Quirk,
9 please.

10 MR. QUIRK: Bill Quirk, I'm a resident
11 of Hayward.

12 I go down to the shoreline about twice a
13 month to go hiking in the area, and I was actually
14 -- actually didn't even realize that the issue of
15 the -- the power plant being in the way of Mount
16 Diablo view would be an issue.

17 As I go on my trips out to the -- to the
18 bridge over Cogswell, I've visualized what the
19 impact is, and I find the impact of the plant
20 pretty minimal, as I visualize.

21 Thank you.

22 CHAIRMAN KEESE: Thank you.

23 Mr. McDonald, Robert McDonald.

24 MR. McDONALD: Yes. I wanted to comment
25 on the -- the supply of natural gas.

1 It was only last December, January,
2 February, that we were facing PG&E bills of \$150
3 to \$200, and more, for natural gas. We use it in
4 our homes for heating and for cooking our dinners.
5 As the law of supply and demand says, the demand
6 is going up, the supply is going down; therefore,
7 the cost is going to go up.

8 What effect, and has this been looked
9 into, of how much the average homeowner is going
10 to face and an increase in payments for natural
11 gas?

12 And the second part is, in order to get
13 the gas here, it has to come across the country in
14 pipelines, either interstate or intrastate. As
15 what effect, or what plans are in effect to
16 increase the pipeline capacity, because there's
17 seven generating plants going into action this
18 year, there's two or three more, maybe more than
19 that in the Bay Area, in the next succeeding
20 years. Capacity has to be increased in those
21 pipelines. Has that been looked into.

22 CHAIRMAN KEESE: I -- I can answer you
23 absolutely, on all fronts, yes. Not only that, we
24 have a special team that's working directly for
25 the governor on this issue.

1 Astoundingly, I will give you the
2 ramifications of something you've heard here.
3 This plant is a much more efficient plant, and by
4 about a year from now, or two years from now,
5 these new plants will be displacing the old
6 plants. The Energy Commission has done an
7 analysis of this, and our statistics show that the
8 amount of natural gas that is going to electrical
9 generation will decline. From 2002 to 2005, the
10 amount of natural gas going to electrical
11 generation will actually decline, because we're
12 substituting much more efficient plants for much
13 older, less efficient plants.

14 That said, we are working diligently on
15 new pipeline capacity in California, and new
16 pipeline capacity to California. There are also
17 proposals to bring it from -- gas in from Alaska.
18 There are proposals floating around to bring it in
19 through tankers by natural gas. There are many,
20 many proposals to meet our natural gas needs.
21 We're working on it.

22 MR. McDONALD: Thank you.

23 CHAIRMAN KEESE: Thank you.

24 Mr. Gilbertson.

25 MR. GILBERTSON: Gentlemen, Mr. Keese,

1 in reference to old plants, with more efficient
2 plants are very popular, and certainly should be
3 done. But we don't have an old plant here that
4 you're replacing. What you're doing is adding to
5 air pollution ten percent.

6 For instance, the predominant wind in
7 Hayward is from the west, from the southwest, and
8 the northwest. And the -- the city is divided
9 into the flatlands and the hill area. The
10 flatlands get all the traffic, get -- get all the
11 pollutants and the noise and scents from the
12 industrial area where this plant is going to be
13 developed, and the like. And you look outside the
14 city hall and see the redevelopment that's going
15 on in this city, from single-family residences to
16 the multi-family units. More population. The
17 statistics that you showed that said this comes
18 from all of these cars, this comes from all of
19 these homes.

20 Here, the ten percent that you're adding
21 from this new plant to what is presently here, and
22 then from the development of the city in the
23 flatlands, multiply the air pollution many more
24 percentages.

25 We need to look to tomorrow. For

1 instance, I have trouble with my nasal passages.
2 I'm taking Beconase, subscribed by the doctor. My
3 God, if you're going to add 20, 30, 40 percent
4 more air pollution, what the heck am I going to be
5 taking down the line? And if you're not going to
6 sit there and look toward tomorrow, well, let's
7 put this plant up the hill where the pollutants
8 will go out over the valley or up in the air, and
9 the like.

10 Why inundate the flatlands just because
11 a large industry wants to come in and construct.
12 The city says oh, look at what we're going to get
13 from this development, and then the poor people,
14 ordinary people my -- like myself, are going to
15 suffer.

16 The month of May was the allergy month.
17 Young children, you have elementary schools, you
18 have junior high schools, you have a college and
19 the like, and many things such as that in this
20 general area. Short distance from this plant.
21 It's not located in the right spot. And that
22 needs to be taken into consideration. You need to
23 look at the vast majority of the people, not the
24 minority that is really touting and promoting
25 this.

1 Thank you.

2 CHAIRMAN KEESE: Thank you.

3 I have mentioned earlier that the clean
4 air issue will be taken up at the workshop.

5 MR. GILBERTSON: I hope so.

6 CHAIRMAN KEESE: Mr. Ginsburg. Or do
7 you want me to just answer your questions?

8 MR. GINSBURG: That's fine. Yes.

9 CHAIRMAN KEESE: All right. How noise
10 will the plant be.

11 All right. I -- I read it, so I hope
12 somebody over there can answer that.

13 MR. LEAHY: Not very.

14 (Laughter.)

15 MR. LEAHY: It will --

16 CHAIRMAN KEESE: I took the tour -- I
17 took the tour, too, and I'm not sure what you're
18 going to hear standing in that location.

19 MR. LEAHY: Right, yeah. And it is
20 important to understand that it is an industrial
21 setting. And that is one of the reasons why it is
22 located where it is located.

23 But even so, the facility will comply
24 with all the city noise ordinances. And -- and,
25 in fact, some of the city council folks had a

1 chance to visit one of the facilities, the
2 Pittsburg and Los Medanos facilities. Los Medanos
3 was under startup at the time. And -- and we had
4 the pleasure of standing next to it as it fired
5 off, and came up to speed and took load. And the
6 fact is, I think most people were surprised at how
7 quiet it actually is.

8 That -- that said, that's a fairly
9 subjective statement. But the fact is that this
10 -- this plant will comply with all the city noise
11 ordinances.

12 CHAIRMAN KEESE: Right. And that will
13 -- that will be an issue that will be taken up at
14 the workshop, also.

15 What is the plant life expectancy?

16 MR. LEAHY: Approximately 30 years.

17 CHAIRMAN KEESE: Thank you. Does that
18 answer your questions?

19 MR. GINSBURG: Thank you.

20 CHAIRMAN KEESE: Mr. Mullins.

21 MR. MULLINS: Thank you. My name is Ed
22 Mullins. I'm a resident of Hayward. I am
23 speaking tonight as the Chair of the Governmental
24 Relations Council of the Hayward Chamber of
25 Commerce. The Chamber of Commerce has

1 approximately 850 members that we are representing
2 in various ways.

3 We looked at this plant in its original
4 idea and concept. We looked at it very hard. We
5 looked at the area that it was proposed for, and
6 we are in support of this project. We believe
7 that it's a needed resource for not just our
8 community, but for the region and for the state.

9 And interestingly, the need for
10 solutions to the energy crisis that we have in the
11 state and the area was punctuated by an article in
12 today's local newspaper of a company that's been
13 here since 1962, and employs about 160 people, and
14 their manufacturing operation is a very big energy
15 user, particularly of natural gas, and costs,
16 particularly for their energy, is causing them to
17 close their business and relocate their operations
18 elsewhere.

19 So 160 people are being put out of work,
20 and an important manufacturing operation is
21 leaving the area. This means that a call is very
22 necessary to solve the energy crisis that we're
23 facing every day, and facing in very real ways.

24 So we feel that this is good for
25 everyone. There are concerns and issues that will

1 need to be addressed, and I don't want to feel --
2 I don't -- would not -- would not want anyone to
3 feel that we are shortchanging or mitigating the
4 issues and concerns that need to be addressed.
5 But we welcome the opportunity to participate in
6 those discussions, and offer our opinions and
7 suggestions.

8 Thank you very much.

9 CHAIRMAN KEESE: Thank you, Mr. Mullins.
10 And there will be no shortchanging by this
11 Committee.

12 Mr. -- Ms. Marlene Weiner.

13 Cars cause 12,000 -- some questions
14 here. Cars cause 12,000 tons of NOx per year.
15 How many cars or in what area?

16 MR. LEAHY: The figures I gave were, as
17 I say, an approximation of a community of 600,000.
18 So the specifics --

19 CHAIRMAN KEESE: So the -- you're
20 talking about the area that would've been -- would
21 be served by one power plant.

22 MR. LEAHY: That's right.

23 CHAIRMAN KEESE: When a new efficient
24 power plant comes online, by what process does an
25 old inefficient plant get taken out of production?

1 Well, I'll -- I'll answer that one.

2 In today's climate, where we are subject
3 right today to blackouts if it gets hot, it would
4 be appropriate and expected that a generator would
5 retain an old, inefficient, expensive plant for
6 those couple days a year when they could make a
7 lot of money feeding into that market. As we get
8 enough plants online that we have efficient low-
9 cost plants that can serve demand, it will become
10 totally uneconomic for anybody, and Calpine
11 doesn't happen to own them, but for -- for plants
12 in this area, the old Hunter's Point, the old
13 Potrero, it will be totally far too expensive to
14 retain those in the fleet.

15 So I would, if you want a marker for us,
16 I think we're looking to when we get to the point
17 where we have 15 percent more generation than our
18 peak demand, at that point people will just not
19 keep old, inefficient plants around. We
20 anticipate that that will start to happen late
21 2003, 2004, about the time this plant would come
22 online.

23 Does that answer the question?

24 MS. WEINER: But there's no automatic --

25 CHAIRMAN KEESE: There is -- there is no

1 automatic. It's just that this plant is so
2 efficient it'll beat the socks off those old
3 plants. It's going to cost them -- I don't know
4 what the factor is, twice as much to operate as
5 it'll cost Calpine to operate this plant. Calpine
6 will operate this plant full bore, and -- and beat
7 them, and eventually they will go out of business.
8 I don't mean to be touting Calpine interests, but
9 any operator of a new plant will operate much more
10 efficiently and will chase the old plants out.

11 And these old plants, these old plants
12 that had a 30 year life, I think you heard some of
13 the ones that are operating in the Bay Area were
14 built in the late forties and early fifties,
15 they're being held together with masking tape and
16 baling wire. One of them has shut down because
17 there was a worker safety issue. They just
18 couldn't operate it safely anymore. They're --
19 they're going to go, and that will also clean up
20 our air.

21 MR. CAMERON: Good evening. Charlie
22 Cameron. I'm a resident of Hayward.

23 First of all, I was sitting behind
24 Andrea, the environmental expert. During
25 construction, what degree does odor and stench

1 come into play during the construction, that
2 workers can work and get the job done on time.

3 Second of all, I did work in the Eden
4 Landing area, and I know what construction was
5 during the industrial, a.m., p.m., and midday,
6 Monday through Friday.

7 I want to tell you, you're going to have
8 a hell of a time with traffic down there, with 400
9 plus employees constructing. They've all got to
10 come from somewhere. Live somewhere, and commute
11 from somewhere, all into that area. It's going to
12 be a problem.

13 After the plant gets online and running,
14 the 25 plus technical people, where are you going
15 to get these people from? And how -- what type
16 qualifications do they have, and what is the
17 turnover rate? You know, we can't have people
18 every three months, or can't -- can't deal with
19 the stress. It's going to be a hard type way to
20 get into enterprise, in fact.

21 AC Transit is adjusting two bus routes
22 to that Eden Landing area. They're adjusting the
23 bus routes August the 20th of this year. Those
24 bus routes are serving two -- Hayward BART will be
25 serving two Hayward BART stations. But those

1 other employees all along the industrial corridor
2 are going to be impacted by this construction
3 project.

4 And I hope to be involved in the -- my
5 issues of concern for the upcoming workshops.
6 Thank you.

7 CHAIRMAN KEESE: Thank you.

8 Do you have a quick answer? It's got to
9 be quick.

10 MR. LEAHY: Okay. Very, very briefly.
11 I mean, as far as the -- where they come from,
12 obviously we would hope that as much of the
13 construction craft requirement as is possible
14 comes from the Bay Area. The -- the people who
15 are going to operate the facility long-term, we
16 have a very high retention rate of those people.
17 They're Calpine ops folks. I mean, I -- my
18 personal experience is -- extends back to a plant
19 in '85. The operator of that plant's still firmly
20 ensconced here.

21 To the extent that it makes sense, we
22 would hope to even hire local folks, Hayward
23 folks, and do provide training for certain of the
24 -- the positions that will come open as a result
25 of the construction of this plant.

1 CHAIRMAN KEESE: Also, that odor, it's
2 going to have to override the odor coming from the
3 other side of the street.

4 (Laughter.)

5 CHAIRMAN KEESE: Sheila Junge.

6 MS. JUNGE: My name is Sheila Junge.
7 Our concern, while I'm generally supportive of
8 locating the plant in this location, I'm concerned
9 about the biological review. In looking briefly
10 at the AFC, it looks like consultants were
11 engaged, but it doesn't appear that they talked to
12 the local experts from the East Bay Regional Park
13 District, who actually operate a lot of the
14 resources in that area.

15 And I would refer in particular to the
16 Salt Marsh Parks Nest Preserve, which may be
17 affected by water runoff from the site. And there
18 also is in the near vicinity a large colony of
19 nesting snowy egrets and blackfin night herons,
20 who may be impacted by the operation and by the
21 construction on this site.

22 So that I hope that you will consult
23 them as far as the biological issues in the area
24 are concerned.

25 And --

1 CHAIRMAN KEESE: Yes, I -- I believe we
2 are. I have a feeling they may be in the
3 submittal that we received this evening, but in
4 any event, staff has noted what you've just said.
5 We will --

6 MS. JUNGE: The other thing would be
7 with regard to what you said to the old power
8 plants. Will there not be some incentive to keep
9 some of those old power plants in service, because
10 apparently they will -- the rate for the least
11 efficient and most expensive power plant is going
12 to be the rate that will be paid for power under
13 some market conditions.

14 CHAIRMAN KEESE: That is a -- that is
15 today's temporary rule with, we hope and
16 anticipate, a short life. But it's -- it's a
17 necessary cap to keep things from getting out of
18 hand today. That will not be the situation by the
19 time this plant comes online.

20 MS. JUNGE: All right. I'd be happy to
21 hear that.

22 CHAIRMAN KEESE: Kimberly McLellan.

23 MS. McLELLAN: Good evening. I'm a
24 long-time Hayward resident, I've lived here my
25 whole life. And I had a lot of reservations, but

1 then I remember that I went to the Hoover Dam
2 project this year, which Bechtel also did the
3 construction on, and if you're ever in the Las
4 Vegas area I would invite people to go and tour
5 the Hoover Dam project. It's right outside Las
6 Vegas, in Boulder City.

7 And Las Vegas right now is one of the
8 largest growing cities in the United States. And
9 they've kept up with technology and everything
10 there. In fact, while we were there, they were
11 upgrading one of the turbines, or whatever you
12 call them, and, I mean, they're constantly being
13 kept up to code.

14 And as far as the traffic in that area,
15 when we were there everything was fine. And as
16 far as environmental issues, they've really looked
17 into that. There were certain birds only
18 indigenous to that area, that are still there.

19 And as far as the trucking, or those
20 issues of concern, how was that impacted when
21 Berkeley Farms built here not too long ago? It's
22 kind of the same thing, you know, when a -- a new
23 plant, whatever type of plant, you know, is being
24 constructed. And it seemed to go fine then.

25 Environmental issues brought up by some

1 people, as far as asthma, allergies, or whatever,
2 it would be probably similar to the Hoover Dam
3 project, and it hasn't seemed to have a
4 significant impact.

5 So remembering taking that tour allayed
6 a lot of my doubts. And I would invite anybody to
7 go check out Hoover Dam. Take a tour, and try and
8 keep an open mind for the project.

9 Thank you.

10 CHAIRMAN KEESE: Thank you. And I -- I
11 will tell you that traffic is important to us, and
12 we will -- I don't know what happened with
13 Berkeley Farms, but we're -- we will definitely
14 deal with the traffic issue here.

15 (Comments from the audience.)

16 CHAIRMAN KEESE: Viola Saima Barklow, do
17 you wish to ask your question?

18 MS. BARKLOW: I'm Viola Saima Barklow,
19 and I'm speaking for Ohlone Audubon Society.
20 That's the local chapter of the National Audubon
21 Society, serving southern Alameda County.

22 I had a question about the wave design,
23 the mesh-like structure that's surrounding the
24 plant. And there is an old saying, form follows
25 function. I'm not sure what the function of that

1 wave design -- although it does look quite dashing
2 -- it kind of looks like a reverse wave, waving
3 for when the ocean levels rise, and it'll be
4 waiting onshore.

5 Anyway, I would like to know whether or
6 not studies will be done on that wave structure
7 for the presence of predator bird perches, and
8 also whether or not it would function as a swallow
9 nesting structure. There are thousands of
10 swallows that reach Hayward Shoreline from South
11 America each year, and there are many nesting
12 right at the Hayward Shoreline Interpretive
13 Center. So will studies be done on the impact of
14 predator birds and swallow nesting on that mesh
15 design, and --

16 CHAIRMAN KEESE: You've asked the
17 questions. Those are a little technical for what
18 I expect that we have as witnesses today, so -- so
19 I will leave that. But that -- they will answer
20 that in the first workshop.

21 MS. BARKLOW: Oh, okay. That's --
22 that's one of the -- one of them was when would
23 they be answered, and that --

24 CHAIRMAN KEESE: Applicant will answer
25 those questions at the first workshop.

1 MS. BARKLOW: Okay. Then there is an
2 issue that I've been pushing, and that is the
3 Hayward Area Recreation and Park District operates
4 the Hayward Shoreline Interpretive Center. The
5 HARD has been very short of funds to hire enough
6 naturalists to provide programs for school
7 children, and I hope, as one of the benefits,
8 community benefits, that comes out of this project
9 if it is built, is that there is funding arranged
10 or provided in some way out of that operation that
11 will allow the Interpretive Center to restore
12 their working hours. They have been short because
13 they've been short funded.

14 And then, this is just a question that
15 came up because of some of the comments you made
16 about old plants, and -- and some of the questions
17 that came from the audience. And that is, this
18 plant has a life span of approximately 30 years.
19 Now, we all know that it could extend beyond that.
20 What happens to the plant site if it does shut
21 down in 30 years? And I don't expect you to
22 answer that question, but I would like to see some
23 information about that.

24 CHAIRMAN KEESE: Well, if -- there --
25 there is a, believe it or not, as part of this

1 process there is a plan to dismantle the plant.
2 And that stays under the jurisdiction of the
3 Energy Commission.

4 Barbara Halliday.

5 I thank you all in the audience for
6 hanging in. We have one more after Ms. Halliday.

7 MS. HALLIDAY: Hi. I'm Barbara
8 Halliday, and I'm a 15 year resident of Hayward.
9 I want to welcome you here tonight. I hope you
10 had a chance to look around a little. I think if
11 you did, you should've seen that we are a city
12 that takes pride in our appearance.

13 We're also very proud of the open space
14 resources we have on the edge of our city,
15 including the East Bay Regional Parks and the hill
16 areas, and shoreline.

17 So I want to echo the concerns that have
18 been expressed here tonight about the impact on
19 the shoreline. Like Mr. Quirk, my husband and I
20 like to hike out there. And I think that, based
21 on the simulations I've seen, I would agree that
22 the visual impacts are probably minimal. It's not
23 a pristine visual area now there, you can see the
24 industrial area.

25 But I -- I think the East Bay Regional

1 Park District is better able to comment, and I
2 certainly hope you will take their concerns into
3 careful consideration.

4 And I -- let's see. The -- oh, also, I
5 -- I hope that you will -- I think, as Mrs. Bogue
6 related, to follow the design guidelines for the
7 industrial area that Hayward has in building the
8 plant and the parts of the plant that will be seen
9 from the street. I think -- I don't think we have
10 assurance that, yeah, that that will be done. And
11 I -- I think that would be very important for us.

12 This is an industrial area that is kind
13 of moving into a more research and development
14 type, and while I think this appropriate location
15 out near the sewer plant, there are other
16 facilities around there. I think it's important
17 that we keep a good appearance.

18 On the -- oh, on the water discharge
19 into the bay. You said that it will be clean.
20 What about the temperature? Is there any concern
21 about that, because this water's going to be very
22 hot.

23 MR. LEAHY: No. The discharge water is
24 not very hot, and --

25 MS. HALLIDAY: It's not.

1 MR. LEAHY: Right.

2 MS. HALLIDAY: Okay. And on air
3 quality, you know, it's well and good to put
4 things in the terms you did, but it's a little
5 mixing apples and oranges there. I think what we
6 need to know here is how does that discharge
7 compare to other manufacturing plants, other
8 industrial facilities that we have out there. And
9 so I don't know if you can answer that now, but I
10 would like --

11 MR. LEAHY: The process, I mean, the end
12 of the process, it's -- the obligation is ours to
13 prove that the impacts are -- are negligible.

14 MS. HALLIDAY: Right. And I -- I think
15 that a good thing would be to put it in terms, in
16 comparison to what else is being discharged out
17 there by other --

18 MR. LEAHY: Right.

19 MS. HALLIDAY: -- single sources.

20 MR. LEAHY: Right.

21 CHAIRMAN KEESE: That's a good
22 suggestion. That -- that -- air is a significant
23 part of our workshops, as you can imagine.

24 MS. HALLIDAY: Okay. And the process, I
25 hope that -- this is -- it's great that you're

1 here, we really appreciate this. This is a night
2 that when -- a lot of people are on vacation in
3 the month of August, and also, there's a
4 neighborhood alert event going on in the city
5 tonight that might've kept some people away. So I
6 appreciate your being here. But I hope that
7 Hayward citizens will have at least one other
8 opportunity to comment.

9 And, finally, while I certainly can
10 fully appreciate the need for a facility such as
11 this one, and the benefits that everyone will get
12 from having facilities like this replace dirtier,
13 older facilities, I hope the -- helping our
14 energy. We've all seen this summer what
15 conservation and encouragement of conservation can
16 do. And so while you're here, I just want to take
17 this opportunity to plead with you to continue
18 promoting those efforts to reduce our energy
19 consumption, and to develop renewable resource
20 energy generation such as wind and solar.

21 Thank you.

22 CHAIRMAN KEESE: Thank you. Thank you.

23 And I would just, since this is my first
24 opportunity, would just echo that, that it's
25 absolutely astounding that 30 percent of the PG&E

1 -- approximately 30 percent of PG&E ratepayers
2 have reduced their use by 20 percent. That is --
3 that was a pat on the back for everybody.

4 John -- is it Neath? Saved you for
5 last.

6 MR. NEATH: Thank you, sir. I'll try to
7 make it the best.

8 My name is John Neath. I'm a Hayward
9 resident.

10 I have concerns. I appreciate your
11 visions of replacing these old generators. Now,
12 as I understand it, we're replacing, in time, the
13 one in the shipyards in San Francisco, which is a
14 thousand megawatts. We have 600 megawatts here.
15 It's interesting to look forward to see how many
16 you plan to -- plan to give the Bay Area to
17 replace these old generators, considering --

18 CHAIRMAN KEESE: We've got four coming
19 on in Pittsburg.

20 MR. NEATH: In Pittsburg.

21 CHAIRMAN KEESE: We've got four coming
22 on in Pittsburg.

23 MR. NEATH: There are four coming in to
24 Pittsburg to replace what -- how much of an output
25 in megawatts?

1 CHAIRMAN KEESE: Well, somebody would
2 have to help me out on the --

3 MR. NEATH: Well, this --

4 CHAIRMAN KEESE: -- on the numbers, but
5 --

6 MR. NEATH: -- this -- well, no. I'm
7 just trying to put this across to you, that you
8 are -- you are saying how you're going to take
9 care of the environment, the air, by 90 percent,
10 but if you double the amount of output you're
11 dropping that down to about 45 percent. But
12 anyway, I'm just -- want you to -- caution you on
13 these things.

14 You covered my -- the noise footprint of
15 the production of your jet engines. I would hope
16 that you will look into the footprint on that, as
17 to what the city will comply with, or you will
18 comply with the city.

19 My other concern is this is a private
20 entity that is building this. This is where we
21 got into problems with our power, by having
22 private industry charging our distribution, such
23 as PG&E, overly amount of money. Now, what is
24 going to control this private industry here, as
25 far as what they will charge to sell there?

1 Now, I know you can't tell me that, but
2 -- or can you?

3 CHAIRMAN KEESE: I can tell you what --
4 what the goal of the governor and the goal of --
5 our goal at the Energy Commission is.

6 MR. NEATH: But actually it is a private
7 industry, and they can charge what they wish to.

8 CHAIRMAN KEESE: They can charge what
9 they wish. Our goal is to put -- our goal this
10 year was to do everything we could do to get an
11 additional 5,000 megawatts. That was a very far-
12 reaching goal. We're going to get over 4,000
13 megawatts online this year.

14 MR. NEATH: I -- I appreciate your --

15 CHAIRMAN KEESE: We're trying for five
16 next year and five the year after, and five the
17 year after. And by then, we will have enough
18 generation that there will be competition.

19 MR. NEATH: My -- my projection here, in
20 time it won't be worth their while to -- to
21 produce electricity because it'll be so cheap.
22 There'll be too much competition.

23 One other thing was the distribution.
24 They -- they stated -- Mr. Leahy stated that
25 there's a footprint of the distribution of where

1 this power will be sold, or used. What's sold to
2 PG&E, do they have any control of where they will
3 be distributing this power?

4 CHAIRMAN KEESE: Let me -- let me
5 suggest that what happens with electrical power,
6 you visualize a pond of water, and you throw a
7 gallon into that pond.

8 MR. NEATH: That's -- that's my point,
9 sir.

10 CHAIRMAN KEESE: Okay. And then what he
11 was suggesting was they're going to put the power
12 into the grid here.

13 MR. NEATH: That's what -- that's right.

14 CHAIRMAN KEESE: And he showed you about
15 where that will support the system.

16 MR. NEATH: Well, this -- this -- this
17 is what -- it pointed out to me a selling point,
18 of which I wish not, but -- a selling point. Once
19 they sell the power, they have no control over the
20 distribution. That -- that's all.

21 CHAIRMAN KEESE: Right.

22 MR. NEATH: Thank you, sir.

23 CHAIRMAN KEESE: Sure.

24 Well, we've heard from, I believe, about
25 20 citizens here. And I hope you've raised --

1 every issue you have was raised. If not, we would
2 welcome you submitting additional comments in
3 writing. As you've heard, there's going to be a
4 workshop. Roberta's going to tell us something
5 else before Mr. Fay closes out the hearing.

6 PUBLIC ADVISER MENDONCA: Thank you,
7 Chairman Keese.

8 Ms. Griebrok, G-r-i-e-b-r-o-k, was not
9 able to stay to the end of the meeting, and she
10 submitted one of our comment forms.

11 For those of you that might not have
12 wanted to come to the microphone and fill out a
13 blue card, if you pass by the table again, the
14 white comment form will do the same thing, and
15 your questions can be asked.

16 I will see to it that her comments are
17 docketed, which is filed in the case, and that
18 they're given to staff.

19 CHAIRMAN KEESE: Thank you.

20 Mr. Fay.

21 HEARING OFFICER FAY: I'd also like to
22 mention that materials we received tonight, such
23 as the brochures from the Hayward Area Shoreline
24 Planning Agency, and -- and the formal submittal
25 from the East Bay Regional Parks, will all be

1 filed in the public docket, as would anything else
2 that you send to us.

3 Are there any closing remarks from the
4 Applicant?

5 MR. LEAHY: Nothing in particular, other
6 than just once again to -- I'm impressed with the
7 level of participation we've had tonight. We
8 encourage it. That is the only way we're going to
9 be able to -- to get each and every one of you as
10 comfortable as is possible that this is, in fact,
11 a good project, and one that's good for Hayward,
12 good for ourselves and the state.

13 So I look forward to continuing to work
14 through the process with you.

15 HEARING OFFICER FAY: Anything further
16 from the staff?

17 MS. LEWIS: Yes. I'd just like to
18 mention that there was a lot of topics mentioned
19 here tonight. Air quality, for instance, our air
20 expert is in the audience tonight. A number of
21 questions were raised about biological issues.
22 Our staff person is not here, but I will make sure
23 that the topics that were raised will -- the
24 transcript will get to the staff, and so they will
25 be prepared with your questions for the workshop.

1 If you cannot attend the workshop, feel
2 free to e-mail me. It's in the handout, my e-mail
3 address. And I'll make sure that any comments or
4 questions you have get to the appropriate staff
5 person, and that they'll respond to you.

6 Thanks.

7 HEARING OFFICER FAY: I'd like to refer
8 everybody to the staff's issue report, and it
9 contains many of the things that Ms. Lewis
10 reviewed in her presentation. It also contains a
11 proposed schedule for this project, and if you --
12 if you turn to that, you can use that as a
13 guidelines. These dates may not remain fixed in
14 stone, but it gives you a good idea of how the
15 case will progress.

16 The Applicant has in general agreed to
17 it, with -- with one very minor exception on the
18 data responses. They asked that they be one day
19 later. Other than that, they recommend no
20 changes, and feel that they can comply with this.

21 We don't have control over all the items
22 that are noted in the schedule, such as the input
23 from the Bay Area Air Quality Management District,
24 and things from other agencies. However, we will
25 try to follow the schedule. And I think, if you

1 look to that, it'll give you an idea of when to
2 expect notices for things like workshops and
3 evidentiary hearings. We do publicly notice all
4 these things, so if you want to be getting a
5 notice be sure to get on our mailing list. And,
6 of course, you can continue to check our Web site,
7 because the notices are also published on the Web
8 site. So if you have access to the Internet, you
9 can just tune that in and get to those that way.

10 We -- the Committee will be issuing a
11 scheduling order in -- in the next week or so.
12 But as I indicated, there's not much disagreement.
13 All the parties have commented on the schedule, so
14 you can anticipate that it won't vary too much
15 from what staff has proposed.

16 And I just want to encourage all of you
17 who have interest to attend the workshops,
18 participate, as the Chairman said, as early as
19 possible, so that your concerns can be
20 incorporated into the staff's efforts and their
21 analysis.

22 Are there any -- any last questions
23 before we adjourn?

24 MR. LEAHY: Mr. Fay, if I could, I just
25 wanted to add our info line to the -- to the

1 resources that are available to people. If you
2 have a pencil, we -- I think it's fairly broadly
3 broadcast, but the information line that Kasia
4 Grisso answers, and should you request information
5 from us directly we'd be happy to respond to that,
6 as well. The easiest way to do that is 510-704-
7 8475. And obviously, there're -- there are fairly
8 detailed questions that do come up that I can't
9 answer, we'll make sure that we get the right
10 individual to answer those questions.

11 We also have a Web site, which is
12 [www.russellcityenergycenter](http://www.russellcityenergycenter.com), all run together,
13 .com. Both of those are resources that we have
14 created for the community, and I'd encourage you
15 to use them.

16 Thanks. Thanks, Mr. Fay.

17 HEARING OFFICER FAY: Thank you for
18 that. And I -- I want to reiterate that I think
19 the more folks understand about the project, the
20 better they'll be able to participate in this --
21 in this process. You can help make -- help us
22 make it as good as project as possible.

23 CHAIRMAN KEESE: I'll just thank
24 everybody in the audience, thank everybody who
25 gets a chance tonight, or later this week to watch

1 it on TV. Give us your input. We'll try to do
2 the best job we can for you. Thank you for
3 coming.

4 HEARING OFFICER FAY: We are adjourned.
5 (Thereupon, the hearing was
6 adjourned at 9:11 p.m.)

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CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said Hearing, nor in any way interested in the outcome of said Hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of August, 2001.

JAMES RAMOS

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